

FISCAL YEAR 2018-19 BUDGET HIGHLIGHTS

The Town Budget for Fiscal Year 2018-19 (FY19) anticipates revenue in the amount of \$2,292,957, a re-appropriation of \$677,085, and expenditures in the amount of \$2,335,557 within the Operating Budget, and an appropriation of \$634,485 to the Capital Improvements Budget (CIP).

Revenue Highlights

Real Property Tax Rate – \$0.136 per \$100 of assessed value, which will remain the same for the eighth consecutive year and is within the State’s calculated constant yield tax rate exemption.

Personal and Ordinary Tax (Businesses) – \$0.75 per \$100 of assessed value, which is an increase of \$0.05 over FY18.

Personal Property Tax (Utilities) - \$4.60 per \$100 of assessed value, which is an increase of \$0.20 over FY18.

Income Tax Revenue – The anticipated income tax revenues for FY19 have increased by 8 percent when compared to the current year’s budget to reflect the State’s projections. The projections are based on increased revenues from our income tax revenues and not from an increased rate from the State. The Town’s income tax revenue accounts for 17 percent of the County’s 3.2 percent ‘piggy back’ income tax, which is levied on all County Residents, living in the Town, and distributed back to the Town.

Safe Speed Camera Revenue – These revenues continue to decline drastically due to a change in the three party agreement between Montgomery County, Chevy Chase View, and the Town.

Capital Improvement Projects (Grants) – Revenue of \$33,779 is expected through a State Grant Community Parks and Playground program for a Picnic Pavilion at St. Paul Park.

Expenditure Highlights

Salaries – The FY19 Budget proposes an overall increase of four and nine-tenths (4.9) percent toward salaries, which includes one and six-tenths (1.6) percent for cost of living (COLA). The Budget also includes a 33.3% increase in man hours attributed to Public Safety Code Enforcement from 1,560 man-hours to 2,080.

Pension Contributions – The FY19 Budget proposes a major increase to the Town’s defined benefit plan to meet the unfunded liability and eventually close the Defined Benefit Plan. Once the defined benefit plan is closed, current employees will be permitted to join the Town’s Defined Contribution Plan, which is currently offered to employees hired after September 1, 2010, and requires participation within a 401-A Employee Retirement Plan when contributing 5% of his or her salary to a 457 Deferred Compensation Plan. The vesting schedule for the 401-A Plan is as follows: 33% after

three years of employment; 50% after four years of employment; and 100% after five years of employment.

Economic Development & Commercial Revitalization – This includes funding for the Town’s *ExploreKensington* campaign through Maier Warner, along with sponsorships of various Town events, to include: The Day of the Book Festival; Kensington Car Show; Pumpkin Rock N’ Roll; and other related events.

Traffic Enforcement (MCPD) – The FY19 Budget proposes enhanced public safety by increasing the Town’s selective enforcement program by Montgomery County Police by 52 percent. The increase would allow additional coverage for off-duty officers to enforce certain traffic regulations within the Town.

Parks & Recreation - Municipal Events – The FY19 Budget continues funding for the annual Labor Day Parade and Festival and the 4th of July Bike Parade and other various Town events; proposes a \$25,000 contribution to Noyes Children’s Library Foundation to match an existing grant application for the Library renovation; will fund the Town’s 125th Anniversary [April 6, 2019] celebration and provide funding for public art programs.

Capital Improvement Plan Highlights

CIP 09-01 Public Works - Street Reconstruction and Renovation Program

This project is an ongoing preventative and rehabilitation program. It now provides regular preventative maintenance including resurfacing or rehabilitation of the 8.174 miles of town streets and replacement of deteriorated curb and gutter.

09-02 Public Safety - Streetlight Acquisition and Replacement Program

This project anticipates the possibility of future purchasing or upgrading the streetlights on wooden poles, owned by Pepco, throughout the Town to install more energy efficient streetlights. There are currently 291 streetlights which need to be upgraded from Mercury Vapor to LED.

CIP 10-01 Parks and Recreation - Park and Play Area Improvement Program

This project anticipates the replacement of playground equipment, park benches, and picnic tables in various Town parks including a pavilion in St. Paul Park.

CIP 11-03 General Government - Public Works - Vehicle, Equipment and Capital Replacement Program

This program continues to fund the replacement of town vehicles, equipment and other capital outlay items.

CIP 11-02 General Government - Town Hall Renovations

This project continues funding for future renovations as needed to maintain Town Hall. The HVAC system needs to be replaced as it is 22 years old.

CIP 12-02 Public Works - Bridge Renovations and Repair Program

The project is necessary to reserve funds for major repairs, to the extent that it may be necessary in the future to maintain three bridges over Silver Creek in Town at (1) Frederick Avenue, (2) Kent Street and (3) Kensington Parkway.

CIP 12-03 Public Works - Storm Drainage Reconstruction and Renovations Program

This project is necessary to reserve funds to the extent that it may be necessary to upgrade and maintain the Town's storm drain system throughout the Town.

CIP 14-01 Public Works - Flood Plain Protection and/or Land Acquisition Program

This project establishes a Town program to assist in acquiring property located in the Flood Plain located within the Town limits.

CIP 14-02 General Government & Public Works - Advance Land Acquisition Program

This project was established to fund the acquisition of property to house the Town's Public Works Garage in the event that the County proceeds with the extension of Summit Avenue and utilizes the property as part of the project. In addition, it may be used to fund other public uses as necessary.

CIP 14-03 General Government - Town Hall Drill Hall Floor Replacement

This project was established to begin the funding for the eventual replacement of the existing maple flooring in the Armory Drill Hall. Current estimates are in the range of \$12-\$14 per square foot. The Drill Hall is approximately 5,568 square feet; the cost to replace the flooring at current costs will be between \$67,000 and \$78,000. A recent refinishing project will be the last time the floor can stand a major refinishing; nails are already beginning to show.